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OFFICE OF WAR ACTIVITY LIQUIDATION

April 8, 1949

MEMORANDUM TO MR. NATHANIEL ROYALL:

Re: Premium Price Plan - Examination Reports
Eagle-Fischer Company - Operator-Agent
Cincinnati, Ohio (LM-24)

Reference is made to the March 1, 1949 supplemental report on the captioned subject, submitted by the Cleveland Loan Agency in answer to our letter of January 12th.

The Eagle-Fischer Company (formerly Eagle-Fischer Lead Company) operated plants at Joplin, Missouri and Wabash, Indiana where slag was treated in order to obtain "rock wool" for insulation purposes and a fume containing lead and zinc. This fume was then shipped to either Galena, Kansas or Hillsboro, Illinois plants of the Eagle-Fischer Company for further processing. The Premium Price Plan Quota Committee established factors of 95% on lead and 90% on zinc for the fume going to the Galena plant, and 90% on both lead and zinc going to the Hillsboro plant.

The factors, pounds of premium metal, and premium payments reported by the Examiners are in agreement with our figures. The factors used by the Eagle-Fischer Company as Operator-Agent for Office of Metals Reserve in calculating the premium metal do not exceed in any case the factors authorized but in some cases it appears that a 90% factor for lead was used by the Operator-Agent when the producer had been awarded a 95% factor by the Quota Committee.

The Eagle-Fischer Company was the only producer of this fume and the question of paying premiums on it was debated for a considerable period of time as some of the parties concerned did not feel that the Eagle-Fischer Company should be paid premiums because they were primarily concerned with the production of the rock wool insulation material and probably would have produced this material regardless of premium payments.

Since the premium payments reported by the Examiners are in agreement with our figures and further investigation would not result in a refund to RFO, and since the payments made are based on figures submitted by the Eagle-Fischer Company, we believe that the Examination Reports on this Operator-Agent's Premium Price Plan activities should be closed.

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SUPERFUND RECORDS

Walter J. McDonnell, Chief
Contract Liquidation Branch

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APR 7 1949

the Operator Agent. There were no assay reports on file in the office of

The Operator Agent does not maintain a special ledger on this account, therefore postings from the settlement sheets to the ledger could not be tested. Operator uses a book on Fume Unit Operation, which contains complete production data by months, showing amount of lead and zinc produced, amount of metal shipped, and amount of metal received. Operator Agent also maintains a detailed record and reconciliation, showing each car or truck or premium metal shipped from the plants. Figures in this record were tested against settlement sheets. The Eagle-Fischer Company's file copies of Affidavits of Producer were checked against settlement sheets. The Operator's records appeared adequately and accurately to support the production of premium metals and the amounts of premiums claimed thereon.

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Rules and regulations by which the initial rates may be determined premium prices for over-quota production of copper, lead and zinc were announced today by William L. Batt, Director of Materials War Production Board, and Leon Henderson, Administrator of Price Administration.

Premium prices of 17 cents per pound for copper, 11 cents for zinc and 9 1/2 cents for lead will be paid by the Metals Reserve Company, for a period of 2 1/2 years beginning February 1, 1942. Should the emergency end before the termination date, Metals Reserve Company has reserved the right to terminate this arrangement on equitable terms.

The premiums will apply to all over-quota production after February 1, 1942 regardless of when tonnage quotas are announced and actual payments begin. By continuing, meanwhile to ship through ordinary channels, producers will be assured premium prices for over-quota production.

Quotas will be established by mines or groups of mines, rather than by companies, in order to avoid any possibility that expenditures for expansion of one property might be deterred by uncertainties as to future production from one mine or group of mines of the same company.

Companies which own two or more properties must account for any material decrease below quota of any one property. If it shall appear that such a decrease was due to avoidable circumstances, quotas of all properties of the company will be combined and premiums paid only to the extent that total production exceeds total company quota.

Purpose of the plan is to expand output of copper, lead and zinc because of their importance in the production of armaments.

In general, quotas will be fixed to include all output that can reasonably be expected at established market prices for the metals of 12 cents per pound for copper, 8 25 cents for zinc and 6 50 cents for lead.

Purpose of the premium plan is to compensate operators for extra costs involved in bringing out additional metal output.

Some other salient points in the statement are:

Initial quotas shall be fixed by a joint committee from WPB and OPA.

Three regular classes of quotas are set up with two others to take care of special cases. The regular quotas are "zero", "intermediate" and "100 per cent". All are based upon 1941 production.

In special cases, quotas of either less or more than 100 per cent may be established, depending upon what is considered reasonable production rates. Mines

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which were not operating in 1941 but for which plans to operate had been made, also may receive special quotas

In the regular classes, zero quotas apply to properties which had no production or production of less than 200 tons in 1941, intermediate quotas to production of 200 to 600 tons, and 100 per cent quotas to production of more than 600 tons

Quotas are established on a monthly basis. Premium prices will be paid for all production over monthly quotas. If a property fails to produce its quota in any month or months, premiums will not be paid until the deficit is made up. Methods for relief are provided in case of catastrophes such as fires or floods which make quota attainment impossible. Once quotas are set, they shall not be raised during operation of the plan.

Text of the joint statement is as follows

JOINT STATEMENT - WPB - OPA

PREMIUM PRICE PLAN FOR COPPER LEAD AND

ZINC

The expansion of the armament program following the entry of the United States into the war has made it imperative that unusual steps be taken to increase further the output of copper, lead and zinc because of their prime importance in the production of armaments.

Rules and regulations governing the application of the premium price plan under which Metals Reserve Company has announced that it will pay premium prices for production of copper, zinc and lead in excess of quotas to be established by WPB and OPA were released today by William L. Batt, Director, Materials Division of the War Production Board, and Leon Henderson, Administrator, Office of Price Administration.

The premium price plan has been established to make it possible quickly to increase production by mining low grade submarginal ores and to develop additional ore reserves.

Premium prices of 17¢ for copper, 11¢ for zinc, and 9¢ for lead will be paid for a period of 2½ years beginning February 1, 1942, and ending July 31, 1944. Should the emergency end before July 31, 1944, Metals Reserve Company has stated that it will reserve the right to terminate this arrangement on equitable terms to be announced in the near future.

Particular attention is called to the fact that premium prices will apply to all over-quota production after February 1, 1942, regardless of the time when tonnage quotas are announced and actual payments begin. By continuing, meanwhile to ship through ordinary channels producers will be assured premium prices for over-quota production.

Quotas are being established for a particular mine or groups of mines rather than by companies in order to avoid any possibility that expenditures for expansion in the case of one property might be deterred by uncertainties as to future production from one mine or group of mines or the same company. However, rules

and regulations establish a procedure designed to prevent abuse under this method of computing quotas

It is also stated that except as provided in sections 5a and 5b of the ensuing instructions it is the intention that quotas will be fixed to include all output that can reasonably be expected to come out at the established maximum prices of 12¢ for copper, 8 25¢ for zinc and 6 50¢ for lead. The only purpose of the premium price plan is to compensate for extra costs involved in bringing out additional metal output.

"Labor and management should recognize this fact," Mr. Batt stated "and should cooperate to facilitate production of additional material which will help to promote the satisfaction of the war requirements and to minimize unemployment in the metal fabricating industries due to present shortages."

The principal rules and regulations are as follows:

1. The premium price plan is one of the steps taken to increase production. In accordance with this plan, the Metal Reserve Company has announced that it will pay, for a period of 2-1/2 years beginning February 1, 1942, and ending July 31, 1944, premium prices for the production of copper, lead and zinc in excess of quotas to be established jointly by WPB and OPA. These premium prices will be based on 17 cents for copper, 11 cents for zinc and 9-1/4 cents for lead.

2. The premium price plan went into operation February 1, 1942. Regardless of the time at which tonnage quotas are announced and regardless of the time at which actual payments under the plan begin, premium payments shall be made for all over-quota production in February and subsequent months.

3. A joint committee from the War Production Board and the Office of Price Administration shall fix initial quotas.

4. Quotas shall be established for particular mines or groups of mines herein referred to as a "property", and shall be expressed in terms of a property's monthly rate of production. A property's production shall be included in determining its quota and over-quota production regardless of whether that production is converted into metals, metal oxides or other products.

5. There shall be five distinct classes of quotas:

- (A) Zero quotas
- (B) Intermediate
- (C) 100% quotas
- (D) Special quotas between zero and 100%
- (E) Special quotas in excess of 100%

(A) Zero Quotas

Any property which had (1) no production or (2) production during 1941 of 200 tons or less of any metal shall have a zero quota for such metal, except as provided in (E) below.

(B) Intermediate Quotas Between Zero and 100% Quotas

Any property except as provided in (E) below which during 1941 produced more than 200 tons but less than 600 tons of any metal, shall

have a quota of such metal and multiplying the result by 1-1/2. The resultant figure shall be divided by 12 to arrive at the property's monthly quota.

(C) 100% Quota

Any property, except as provided in (D) or (E) below, which during 1941 produced more than 600 tons of any metal shall have a quota for such metal equal to the property's 1941 rate of production of that metal. A property's 1941 rate of production of any metal shall be determined by dividing its production of that metal for the year by the number of weeks during which the property was in operation, multiplying the resultant figure by 52 in order to translate a partial year's production into a yearly rate, and dividing by 12 in order to arrive at a monthly rate to be used for quota purposes.

(D) Special Quotas Less than 100%

In special cases a property may be assigned a quota less than 100% of its 1941 monthly rate of production.

(E) Special Quotas in Excess of 100%

In the case of certain properties, special quotas higher than 1941 production will be established, based upon the tonnages which can reasonably be expected to be produced from such properties at the established ceiling price for each metal - i.e., 12 cents for copper, 8.25 cents for zinc, and 6.50 cents for lead. Likewise, persons and companies which did not operate certain mining properties during 1941 but had plants under way to operate them may be assigned quotas on such properties higher than zero. All those for whose properties such special quotas are being considered have already been notified.

6. Should any property fail to maintain its quota production in any month or months, premium payments will not be made until the accumulated deficit is made up by over-quota production in subsequent months. Material deficits due to major calamities such as floods or fires will not be so accumulated. If conditions develop which make it impossible for the quota production of a property to be maintained, the government will consider applications for reduction of the quota. However, the government reserves the right to restore any initial quota which has been reduced.

7. All initial quotas, once established, shall not be raised during the period of operation of the plan.

8. The Metals Reserve Company has informed WPB and OPA that in the case of a company with two or more properties, should the production of any property show a material decrease below its quota, the owning or operating company will be required to account for the decrease. If, after a hearing, it shall appear to the Metals Reserve Company that such decrease was due to avoidable circumstances, the existing quotas of all properties of the company will be combined into one quota. In this event, premium prices for metals produced by such a company will be paid only to the extent that total production exceeds the total company quota.

(OVER)

9 If the ownership or leasehold rights with respect to any property which does not have a zero quota are transferred during the period of operation of the plan, the quotas of both buyer and seller must be reviewed before the buyer or seller makes any claim for the payment of premium prices

10 With respect to concentrator tailings produced prior to February 1, 1942, each mill or treatment plant treating only such tailings shall be considered as a separate property entitled to a quota based on tonnage not in excess of its 1941 rate of metal production, arrived at in accordance with the formula for determining the rate of mine production as stated in 5 (C) above

Metal and products recovered from tailings produced after February 1, 1942 shall not be paid for at premium prices

Special arrangements will be made for those cases in which tailings produced prior to February 1, 1942, are being treated in a mill which also treats mine ore, and for those cases in which differences in ownership complicate quota determination

11 Special arrangements may also be made for production from slags, residues and other waste products from smelters

12 Production from mine waste dumps will be considered as production from the mine or group of mines from which the dump originated

13 Premium payments will be based upon metal paid for under the terms of settlement contracts. Quotas, of course will be fixed on the same basis. If no settlement contracts exist, quotas and premium payments will be computed on the basis of 95%, 90% and 85% of the metal content in the case of copper, lead and zinc, respectively. Ores from mines from integrated companies will be treated in the same manner

14 All inquiries concerning the application of the premium price plan to particular properties should be directed to the Copper or Zinc or Lead Branch of the War Production Board

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April 8, 1946

IN REPLY REFER TO:

Mr. Jesse Johnson, Deputy Director
Office of Metals Reserve
Reconstruction Finance Corporation
811 Vermont Avenue, N W
Washington 25, D. C

*Copy prepared by
C. Brewer from original
in General Files
JES "30/48*

Dear Mr. Johnson:

Re: Fume Shipments to the Galena Plant (Kansas)
(Eagle-Picher Company)

In reply to your letter of April 4, 1946, on the subject of premium payment percentages applicable to zinc-lead fume shipped to the Galena, Kansas, plant of the Eagle-Picher Company, the Committee has instructed me to reply as follows.

It is the Committee's understanding that zinc-lead fume produced from the mineral wool fuming plant of the Eagle-Picher Company at Joplin, when shipped to the American Zinc Company of Illinois at Hillsboro and the Ozark Mining & Smelting Company at Coffeerville, Kansas, the percentage established for premium payments is 95% for the lead contained in the fume and 90% for the zinc contained in the fume.

In the case of shipments of fume to the Eagle-Picher Company pigment plant at Hillsboro, the percentage was fixed at 90% for both lead and zinc. The reason for the lower percentage of lead when the fume was shipped to the latter plant was because of the company statement that 91.7% of the lead was recovered.

In the present case where fume shipments are forwarded to the Eagle-Picher Company's plant at Galena, Kansas, we have a copy of the letter addressed to you and signed by Mr. W. R. Dice, Vice President of the Eagle-Picher Company dated March 19, 1946, wherein it is stated that the overall loss of metals in the fume at this plant is 4.48%, "leaving a net recovery of 95.52% of metal treated."

The apparent reasons for the higher recovery at the Galena, Kansas, plant is explained by reason of the fact that the fume requires very little processing and is blended with other products which have previously been furnaceed. This loss is said to be, in part, dust losses in handling.

It appears to the Committee that since the overall recovery of the combined metals (lead and zinc) is in excess of 95% that the factors for

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premium payments to the Galena plant should be established at 95% of the lead content and 90% of the zinc content which is the same basis for the same fume shipped to the American Zinc Company of Illinois, at Hillsboro, and the Ozark Company at Coffeeseville, and does not exceed the maximum for lead as outlined in Rule 13B of the Premium Price Plan. These factors will be conservative since the zinc content is far in excess of the lead

The plants treating this fume by Eagle-Picher at Hillsboro, and the same Company at Galena do not come under the classification of processing plants (smelters) as listed in Rule 13 because the plant at Hillsboro is a pigment plant and the plant at Galena, while it smelts lead, manufactures lead silicate, litharge, zinc oxide and leaded zinc oxide. The recommendation of the Committee is therefore as stated, namely 95% of the lead content in the fume for premium payments and 90% of the zinc content in the fume for premiums on that metal.

Very truly yours,

/s/ Landon F Strobel

Landon F Strobel
Executive Secretary, Quota Committee
Premium Price Plan for Copper, Lead & Zinc
Social Security Building, Room 4317

METALS RESERVE COMPANY
WASHINGTON

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October 6, 1944

Eagle-Picher Lead Company
American Building
Cincinnati, Ohio

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Attention: Mr. Richard Serviss, Assistant Secretary

Gentlemen:

Since writing our letter of August 25, 1944, on the premium price plan to Mr. G. H. Walbert, Assistant Comptroller, Eagle-Picher Mining & Smelting Company, we have learned that correspondence on premium price matters should be sent separately to the Eagle-Picher Mining & Smelting Company and to the Eagle-Picher Lead Company, as correspondence addressed to either of these affiliated companies is not forwarded or made available to the other. Therefore, it appears advisable to designate each of the two companies as an agent for the Metals Reserve Company under the Premium Price Plan for Domestic Copper, Lead and Zinc.

Accordingly, in order to clear our records and have our files complete, we are enclosing herewith duplicate copies of our outstanding letters of instruction to agents, which are listed by date on the following page, and ask that you be guided in accordance therewith in your activities as our agent under the plan.

We shall, unless advised otherwise, address all correspondence on premium matters from the Eagle-Picher Lead Company to Mr. Richard Serviss, Assistant Secretary, Eagle-Picher Lead Company, and all correspondence from the Eagle-Picher Mining & Smelting Company to Mr. G. H. Walbert, Assistant Comptroller, Eagle-Picher Mining & Smelting Company, except correspondence relating to production delivered to the Sahuarita mill in Arizona, which will be addressed to Mr. D. H. Eubank at Tucson.

KT-AA 321

To signify your acceptance of this agency, and your receipt and understanding of said letters of instruction, kindly sign and return the enclosed copy of this letter

Very truly yours,

H DeWitt Smith
Executive Vice President

Enclosures:	Letters dated	
	May 13, 1942	October 31, 1943
	August 31, 1942	November 1, 1943
	November 20, 1942	November 10, 1943
	December 22, 1942	November 20, 1943
	January 15, 1943	December 7, 1943
	March 2, 1943	January 8, 1944
	March 5, 1943	January 28, 1944
	June 5, 1943	February 22, 1944
	July 19, 1943	May 30, 1944
	August 20, 1943	June 27, 1944

Acknowledged this ____ day of _____, 1944

(Name of Company)

WPM:rik

cc: Dallas Loan Agency
Walbert, EPMS
Strobel
Smith Miller
Levinson Steel
Moe
Minutes
Treasurer

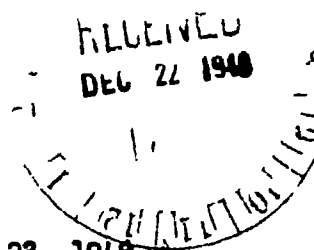
Reimbursed Silver

Office of War Activity Liquidation

December 20, 1948

MEMORANDUM TO MR. NATHANIEL ROYALL:

Re: Premium Price Plan
Eagle-Picher Company - Cincinnati, Ohio
Operator-Agent and Producer
Agency Agreement 31 (IM-24)



Reference is made to your memorandum dated November 23, 1948, commenting on the report dated November 28, 1947, prepared by Examiners E. F. Helbling and George C. Tilden of the Cleveland Loan Agency covering their examinations of the books and records maintained by the captioned Operator-Agent (which is also a Producer in this case) pertaining to the payment of premiums on overquota production of lead and zinc under the Premium Price Plan for the period from June 1, 1944, through November 30, 1946, the last date on which premium payments were made to this Operator-Agent (Producer).

With respect to paragraphs 2 and 3 of your comments, the premiums were paid under the authority of the Quota Committee, Premium Price Plan for Copper, Lead and Zinc, in their letter to Mr. Jesse C. Johnson, Deputy Director, Office of Metals Reserve, dated April 8, 1946, under quota Nos. 716 and 770. Quota No. 770 was the successor to quota No. 493 formerly in the name of Midwest Service Company and Joseph A. Lambert, Lessee of the National Lead Company slag dump at Collinsville, Illinois. The latter parties assigned their interest to the Eagle-Picher Company with the consent of Metals Reserve.

The National Lead Company slag was shipped primarily to the Joplin, Missouri, plant of the Eagle-Picher Mining & Smelting Company and the balance to the Wabash, Indiana, plant of the same company, where slag wool insulation was produced as well as a zinc-lead fume as a by-product.

The Joplin plant was the original plant built for the production of insulating material, while the Wabash plant was built later on property acquired from the Union Rock Wool Company in 1942.

In the correspondence with Eagle-Picher, only the Joplin

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plant is mentioned. From January through July 1946, both the Joplin and Wabash plants were operated on the National Lead slag. The lead-zinc fume recovered from the slag wool furnaces was shipped to the plants of Eagle-Picher Mining & Smelting Company, Ozark Smelting & Mining Company, the Ironsides Company, and the Eagle-Picher Company for further treatment. The recoveries obtained of the lead and zinc contents of the fume at these plants were in excess of the quotas set by the Premium Price Board.

The point to determine regarding the Wabash plant is: how efficient was this plant? The following comparison between the quality of the product (fume) produced at Joplin and Wabash from treatment of the National Lead slag during the same months of operation discloses the following:

Year 1946	Joplin Plant			Wabash Plant		
	% Pb	% Zn	Total % Pb & Zn	% Pb	% Zn	Total % Pb & Zn
January	37.10	27.79	64.89	41.05	29.48	70.53
February	34.67	28.12	62.79	46.45	30.94	77.39
March	44.93	31.02	75.95	47.45	29.97	77.42
June	41.65	33.26	74.91	44.87	32.19	77.06
July	40.63	33.38	74.01	42.51	31.95	74.46


It will be noted from the above that the Wabash plant produced a higher grade fume than the Joplin plant. Consequently, in the further treatment of the Wabash fume at the Eagle-Picher plant, the recoveries of lead and zinc should have been greater or at the very least equal to the Joplin fume.

From the preceding analysis of the record, the premiums paid amounting to \$13,187.21 on the Wabash production were properly made, as the payments are in conformity with the terms of the Quota Committee's authorization of April 8, 1946.

With reference to paragraph 1 at the top of page 2 of your memorandum, the Quota Committee's letter dated April 8, 1946, explains that the Galena, Kansas, and Hillsboro, Illinois, plants of Eagle-Picher do not come under the classification of smelters and, in lieu thereof, the Committee has set the quota bases for these processing plants and other plants at which the lead and zinc fume was treated.

December 20, 1948

In our reply to the Loan Agency, we shall enclose a copy of the Quota Committee's letter of April 8, 1946, in order that Examiners may make an independent check. We have checked them here and found them to be correct.



Walter J. O'Donnell, Chief
Contract Liquidation Branch

DEC 14 1947

COPIES OF THIS
LETTER WILL BE
MAILED

Re: The Eagle-Picher Company
Cincinnati, Ohio

Dear Sir:

We have made an examination of the books and records maintained by The Eagle-Picher Company, acting as Agent for Metals Reserve Company, Cincinnati, Ohio, pertaining to the payment of premiums for over-quota production of lead and zinc under the Premium Price Plan for the period from June, 1944, through November, 1944, the last month premium payments were made to this Operator Agent, and submit the following report, including the following schedules attached hereto: Exhibit "A" - Schedule of Premium Payments; Exhibit "B" - Production Process.

Exhibit "A", accompanying our report of February 16, 1945, covered the period of June, 1944, through October, 1944, with the notation that premium payments were suspended for that period. In compliance with the request of Mr. James G. Johnson, Deputy Director, in his letter of October 13, 1947, the settlement sheets and production records for the period of June through October, 1944, were checked and the data has been included in Exhibit "A" attached to this report.

It will be noted that the data in the present Exhibit "A" does not agree with the data in Exhibit "A" of February 16, 1945, with respect to the above period. Mr. L. J. Planch, Jr., Investigation Division, Assistant of The Eagle-Picher Company, stated that there was evidently a misunderstanding or misinterpretation of the material presented at the time of the previous examination, which resulted in incorrect figures in Exhibit "A" of February 16, 1945. The figures in the present Exhibit "A" are correct with respect to the production records and settlement sheets presented by The Eagle-Picher Company, and the premiums claimed are in agreement with premium paid for the period, as set forth in Mr. Johnson's letter of October 13, 1947.

Inasmuch as the plants for the production of lead and zinc compounds are located at Joplin, Missouri, and Winch, Indiana, it was not possible to observe the processes used by the producer in the weighing, sampling, and assaying of lead slag used in this operation. Production of the Joplin and Winch plants are segregated in the attached Exhibit "A".

The principal products of The Eagle-Picher Company are pig lead, slab zinc, oxides of lead and zinc, metal grade of lead, tin and antimonial content, and antimonial lead, with mineral wool being the principal product of the Insulation Division. The zinc and lead on which premiums were claimed were by-products of the operation of producing mineral wool. See Exhibit "B" hereto for description of production process. Mr. Planch stated that without the premium payments for zinc and lead so produced, it would not have been economically feasible for his company to install the equipment which made the zinc recovery possible.

The Collinsville Lead Slag used as raw material was not weighed or assayed. The only analysis was made after the fuming cycle had been completed and the fume transferred to a zinc and lead compound. Due to the fact that the raw material was neither weighed nor assayed, it was not possible to check postings on settlement sheets against weight slips. (See Exhibit "B") There were no assay reports on file in the office of the Operator Agent.

The Operator Agent does not maintain a special ledger on this account, therefore postings from the settlement sheets to the ledger could not be tested. Operator uses a book on Fume Unit Operation, which contains complete production data by month, showing amount of lead and zinc produced, amount of metal shipped, and acts as a perpetual inventory. Operator Agent also maintains a detailed record and reconciliation, showing each car or truck or premium metal shipped from the plants. Figures in this record were tested against settlement sheets. The Eagle-Picher Company's file copies of Affidavits or Producer were checked against settlement sheets. The Operator's records appeared adequately and accurately to support the production of premium metals and the amounts of premiums claimed thereon.

The original over quota assignment was supplemented by a new over quota assignment sheet, dated April 10, 1946, covering the change of name of Operator Agent as of April 12, 1945, from "Eagle-Picher Lead Company" to "The Eagle-Picher Company".

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The Operation Agent reports that there was never a cancellation of the more recent assignments, nor was there any statement from WFO that premium payments would be terminated. The Plaintiff stated that payments of premiums were temporarily suspended, beginning in June, 1944, to permit a complete review of all aspects of this case by the undersigned in Washington. Russell Blair represented Anglo-Plasmer at the hearings; and Mr. Walter L. Lott of August 27, 1945, to Anglo-Plasmer stated that premium payments for the suspended period had been allowed and that payments were being resumed as a result of the review action of WFO, WFO, and GFL.

The advance premium payments were reported. There were no uncollected checks to inspect, as all payments of cash to Operator Agent covered premiums to Operator Agent acting as producer. In addition to premiums received directly from IBM, The Radio-Phonar Company also received other premiums on production from its sales through other Operator Agents. However, no such other premiums were received on time recovery installments.

Mr. Planché stated that we misinterpreted the data he submitted in this connection. He said the discrepancy existed only in connection with shipments to American Line and Lead Company; that the reason was found to be that the American Line and Lead Company deducted weight of bags (about 3/4 lb. each) from netballie weight, as shown by Baggie-Plecher, who had already deducted the bag tare and showed net netballie weight. Mr. Planché said there were no other discrepancies between the producer and purchaser records; and that the weights shown in the columns of Producer and on which base Premiums the caption - "Adjusted Production Figures of Producer and on which base Premiums were paid" - should rather have appeared under a caption indicating adjustment of netballie weights to a 90% or 9% premium base. The writer has so set up Exhibit "A" accompanying this report.

A schedule of premium payments, as reflected by the Operator Agent's records, showing the quantity of metal produced, quota, quantity of premium metal produced and the amount of premiums earned throughout the period under examination is attached hereto as Exhibit "A".

The Operator Agent's records appear to be well kept and adequate to cover the production and shipment of notes on which premium payments have been claimed and received.

~~6/ J. J. Robbins~~
~~Examiner~~

George O. Tillman, Executive

[illegible]

FOR FURTHER INFORMATION, SEE THE REPORT OF THE COMMISSIONER OF THE BUREAU OF REVENUE, DEPARTMENT OF THE TREASURY, DATED OCTOBER 1, 1946.

Production as shown by Operator Agent's

Summary of Premiums
 Paid by the Eagle-
 Fisher Co. as both Producer
 and Operator Agent

1946 - continued

Note: Beginning September, 1946, other than collisionless ring was used for collisionless ring. Premiums were obtained only on ring produced from collisionless ring.

11	78.42	77.196	200.300	Engle-Flint Co., Atlanta, Ga.
12	101.463	101.463	206.800	The Engle-Flint Co., Atlanta, Ga.
13	65.577			The Engle-Flint Co., Atlanta, Ga.
14	78.509	78.509	211.150	The Engle-Flint Co., Atlanta, Ga.
15	34.957			

LINE	DATE	DESCRIPTION	AMOUNT	BALANCE
1	1/1/19	Initial Premium	100.00	100.00
2	1/1/19	First Installment	100.00	200.00
3	1/1/19	Second Installment	100.00	300.00
4	1/1/19	Third Installment	100.00	400.00
5	1/1/19	Fourth Installment	100.00	500.00
6	1/1/19	Fifth Installment	100.00	600.00
7	1/1/19	Sixth Installment	100.00	700.00
8	1/1/19	Seventh Installment	100.00	800.00
9	1/1/19	Eighth Installment	100.00	900.00
10	1/1/19	Ninth Installment	100.00	1000.00
11	1/1/19	Tenth Installment	100.00	1100.00
12	1/1/19	Eleventh Installment	100.00	1200.00
13	1/1/19	Twelfth Installment	100.00	1300.00
14	1/1/19	Thirteenth Installment	100.00	1400.00
15	1/1/19	Fourteenth Installment	100.00	1500.00
16	1/1/19	Fifteenth Installment	100.00	1600.00
17	1/1/19	Sixteenth Installment	100.00	1700.00
18	1/1/19	Seventeenth Installment	100.00	1800.00
19	1/1/19	Eighteenth Installment	100.00	1900.00
20	1/1/19	Nineteenth Installment	100.00	2000.00
21	1/1/19	Twentieth Installment	100.00	2100.00
22	1/1/19	Twenty-first Installment	100.00	2200.00
23	1/1/19	Twenty-second Installment	100.00	2300.00
24	1/1/19	Twenty-third Installment	100.00	2400.00
25	1/1/19	Twenty-fourth Installment	100.00	2500.00
26	1/1/19	Twenty-fifth Installment	100.00	2600.00
27	1/1/19	Twenty-sixth Installment	100.00	2700.00
28	1/1/19	Twenty-seventh Installment	100.00	2800.00
29	1/1/19	Twenty-eighth Installment	100.00	2900.00
30	1/1/19	Twenty-ninth Installment	100.00	3000.00
31	1/1/19	Thirtieth Installment	100.00	3100.00
32	1/1/19	Thirty-first Installment	100.00	3200.00
33	1/1/19	Thirty-second Installment	100.00	3300.00
34	1/1/19	Thirty-third Installment	100.00	3400.00
35	1/1/19	Thirty-fourth Installment	100.00	3500.00
36	1/1/19	Thirty-fifth Installment	100.00	3600.00
37	1/1/19	Thirty-sixth Installment	100.00	3700.00
38	1/1/19	Thirty-seventh Installment	100.00	3800.00
39	1/1/19	Thirty-eighth Installment	100.00	3900.00
40	1/1/19	Thirty-ninth Installment	100.00	4000.00
41	1/1/19	Fortieth Installment	100.00	4100.00
42	1/1/19	Forty-first Installment	100.00	4200.00
43	1/1/19	Forty-second Installment	100.00	4300.00
44	1/1/19	Forty-third Installment	100.00	4400.00
45	1/1/19	Forty-fourth Installment	100.00	4500.00
46	1/1/19	Forty-fifth Installment	100.00	4600.00
47	1/1/19	Forty-sixth Installment	100.00	4700.00
48	1/1/19	Forty-seventh Installment	100.00	4800.00
49	1/1/19	Forty-eighth Installment	100.00	4900.00
50	1/1/19	Forty-ninth Installment	100.00	5000.00
51	1/1/19	Fiftieth Installment	100.00	5100.00
52	1/1/19	Fifty-first Installment	100.00	5200.00
53	1/1/19	Fifty-second Installment	100.00	5300.00
54	1/1/19	Fifty-third Installment	100.00	5400.00
55	1/1/19	Fifty-fourth Installment	100.00	5500.00
56	1/1/19	Fifty-fifth Installment	100.00	5600.00
57	1/1/19	Fifty-sixth Installment	100.00	5700.00
58	1/1/19	Fifty-seventh Installment	100.00	5800.00
59	1/1/19	Fifty-eighth Installment	100.00	5900.00
60	1/1/19	Fifty-ninth Installment	100.00	6000.00
61	1/1/19	Sixtieth Installment	100.00	6100.00
62	1/1/19	Sixty-first Installment	100.00	6200.00
63	1/1/19	Sixty-second Installment	100.00	6300.00
64	1/1/19	Sixty-third Installment	100.00	6400.00
65	1/1/19	Sixty-fourth Installment	100.00	6500.

9	{ 42,899	90	44,202	90	-0-	(42,899	70	-0000	428.99
	{ 9,895	90 1/2	10,397	90 1/2	-0-	(44,202	70	-0075	1,274.40
	{ 24,900	90 1/2	26,038	90 1/2	-0-	(9,895	70	-0000	24.90
	{ 8,752	90	11,107	90	-0-	(10,397	70	-0075	249.42
6	4,775	90 1/2	7,549	90 1/2	-0-	(24,900	70	-0000	249.40
						(26,038	70	-0075	428.97
						(8,752	70	-0000	87.52
						(11,107	70	-0075	194.37
						4,775	70	-0000	0
						7,549	70	-0050	37 75

Year	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
1971	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100

MINING OF LIME AND LIME PRODUCTS
 BY THE BALL-CLARK COMPANY, CHICAGO, ILL.
 AND ASSOCIATED COMPANIES UNDER FEDERAL SUPERVISOR PLAN

Production as shown by Operator Agent's Records.

Figures adjusted to 95% or 98% of total production for production

as both Producer
 and Agent

Total Lbs. Dry Weight	Total Lead Produced	Total Zinc Produced	Total Metallic Lb. Produced	Lead	Zinc	Antimony	Total Production Lead Metallic Lb.	Antimony
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PLANT - Continued

During September, 1946, other than Collinsville Slag was used for metallic production.
 Lead was obtained only on zinc produced from Collinsville Slag.

Co., Galena, Kas.	209,300	77,196	78,441	155,639	42,839	90	46,342	90	-0-	42,839	70	1.0000	42,839
icher Co., Hillsboro, Ill.					9,895	90	10,887	90	-0-	9,895	70	.0075	1,236
icher Co., Hillsboro, "	226,800	104,463	65,297	169,760	24,940	90	26,838	90	-0-	24,940	70	.0000	2,711
icher Co., Galena, Kas.					8,752	90	11,107	90	-0-	8,752	70	.0000	941
icher Co., Hillsboro, Ill.	150,000	78,209	34,957	113,166	4,795	90	7,549	90	-0-	4,795	70	.0000	514
										7,549	Zn	.0050	37

+ 192,663

PLANT

icher Co.	154,400	74,196	45,514	119,710	64,776	90	40,940	90	-0-	207,739	.0075	2,000
"	61,250	37,738	25,135	62,873	13,945	90	22,421	90	-0-	54,986	.0075	1,236
"	90,800	42,703	24,971	69,674	38,432	90	24,274	90	-0-	62,707	.0075	1,236
icher Co.	167,500	77,395	52,078	129,473	69,696	90	46,870	90	-0-	116,566	.0075	2,000
"	201,500	90,419	64,869	155,288	81,377	90	58,962	90	-0-	180,339	.0075	2,000
"	112,500	47,824	35,947	83,771	43,042	90	32,352	90	-0-	115,394	.0075	2,000
TOTALS	7,124,145	2,698,472	2,268,188	4,966,520	2,306,721		1,982,732			4,289,453		

27 letter
 149

EXHIBIT 92

PRODUCTION RECORDS

Elms and Lead compounds are produced by The Eagle-Fisher Company, Installation Division, at Joplin, Missouri, and tubular, Indiana.

Compounds are produced as by-products of mineral wool production; the waste raw material being pig lead slag obtained from a slag dump of the Old National Lead Company.

Compounds of elms and lead are recovered as a co-fired residue from the smoke stack of the blast furnace. This recovery is accomplished by means of a frame unit attached to the blast furnace stack. This unit functions as a segregator of various size metallic particles, which are caused by suction to be drawn through a series of screens, allowing the metallic residues to become attracted by gravitation and fall to the bottom of the greatest classifying hopper. All remaining dust residues is filtered through canvas bags and recovered in containers.

From residues so recovered in the classifying hopper is segregated into three elements; namely, Bag House, Grounds, and Cyclone Sweepings. For the convenience of the producer's sales and laboratory records, the three above elements are identified as Grades 1, 2, and 3, respectively.

From grades so produced are collected daily and packaged in 50 lb. bags. Samples of approximately four ounces are taken daily from each bag to form a composite daily sample of each of the three grades produced. From samples recovered from each grade, an analysis is made to ascertain the elms and lead content and the total metallic content of the respective element.

Laboratory records are maintained of the analysis of each grade, with a corresponding lot number assignment for inventory identification. The agent by analyzing a daily laboratory record by grade and corresponding lot number has a perpetual inventory and production record available at all times from which production settlements sheets are compiled.

A copy of the laboratory record with the aforementioned data shown is transferred at the close of the day to the plant office, where arrangements are made for storage of the days production. The compound is then stored by lot in a baghouse storage shed until shipment.

Inasmuch as the foregoing procedure is unusual and not in accordance with existing regulations, as outlined in Bulletin No. of Purvis B. Thomas's letter of September 18, 1943, we have indicated herewith the procedure employed by the producer and as related to our representative at time of examination.

To signify your acceptance of this agency, and your receipt and understanding of said letters of instruction, kindly sign and return the enclosed copy of this letter.

Very truly yours,

H DeWitt Smith
Executive Vice President

Enclosures	Letters dated	
	May 13, 1942	October 31, 1943
	August 31, 1942	November 1, 1943
	November 20, 1942	November 10, 1943
	December 22, 1942	November 20, 1943
	January 15, 1943	December 7, 1943
	March 2, 1943	January 8, 1944
	March 5, 1943	January 28, 1944
	June 5, 1943	February 22, 1944
	July 19, 1943	May 30, 1944
	August 20, 1943	June 27, 1944

Acknowledged this ____ day of _____, 1944

(Name of Company)

WPM:rik

cc: Dallas Loan Agency
Walbert, EPM&S
Strobel
Smith Miller
Levinson Steel
Mee
Minutes
Treasurer

Authorized officer,

REPRODUCED AT THE NATIONAL ARCHIVES

009264

METALS RESERVE COMPANY
WASHINGTON,

October 6, 1944

Eagle-Picher Lead Company
American Building
Cincinnati, Ohio

RECEIVED
NOV 26 1944

Attention: Mr. Richard Serviss, Assistant Secretary

Gentlemen

Since writing our letter of August 25, 1944, on the premium price plan to Mr. G H Walbert, Assistant Comptroller, Eagle-Picher Mining & Smelting Company, we have learned that correspondence on premium price matters should be sent separately to the Eagle-Picher Mining & Smelting Company and to the Eagle-Picher Lead Company, as correspondence addressed to either of these affiliated companies is not forwarded or made available to the other. Therefore, it appears advisable to designate each of the two companies as an agent for the Metals Reserve Company under the Premium Price Plan for Domestic Copper, Lead and Zinc

Accordingly, in order to clear our records and have our files complete, we are enclosing herewith duplicate copies of our outstanding letters of instruction to agents, which are listed by date on the following page, and ask that you be guided in accordance therewith in your activities as our agent under the plan

We shall, unless advised otherwise, address all correspondence on premium matters from the Eagle-Picher Lead Company to Mr. Richard Serviss, Assistant Secretary, Eagle-Picher Lead Company, and all correspondence from the Eagle-Picher Mining & Smelting Company to Mr. G H Walbert, Assistant Comptroller, Eagle-Picher Mining & Smelting Company, except correspondence relating to production delivered to the Sahuarita mill in Arizona, which will be addressed to Mr D H Eubank at Tucson

REPRODUCED AT THE NATIONAL ARCHIVES

MI-44 321

P
Y

METALS RESERVE COMPANY
WASHINGTON, D C

October 7, 1944

MEMORANDUM TO THE TREASURER

The Executive Committee, on October 6, 1944, authorized the Executive Vice President to send the following letter

"Eagle-Picher Lead Company
American Building
Cincinnati, Ohio

"Attention: Mr. Richard Serviss, Assistant Secretary

"Gentlemen:

"Since writing our letter of August 25, 1944, on the premium price plan to Mr. G H Walbert, Assistant Comptroller, Eagle-Picher Mining & Smelting Company, we have learned that correspondence on premium price matters should be sent separately to the Eagle-Picher Mining & Smelting Company and to the Eagle-Picher Lead Company, as correspondence addressed to either of these affiliated companies is not forwarded or made available to the other. Therefore, it appears advisable to designate each of the two companies as an agent for the Metals Reserve Company under the Premium Price Plan for Domestic Copper, Lead and Zinc

"Accordingly, in order to clear our records and have our files complete, we are enclosing herewith duplicate copies of our outstanding letters of instruction to agents, which are listed by date on the following page, and ask that you be guided in accordance therewith in your activities as our agent under the plan

"We shall, unless advised otherwise, address all correspondence on premium matters from the Eagle-Picher Lead Company to Mr Richard Serviss, Assistant Secretary, Eagle-Picher Lead Company, and all correspondence from the Eagle-Picher Mining & Smelting Company to Mr G H Walbert, Assistant Comptroller, Eagle-Picher Mining & Smelting Company, except correspondence relating to production delivered to the Sahuarita mill in Arizona, which will be addressed to Mr D H Eubank at Tucson

"To signify your acceptance of this agency, and your receipt and understanding of said letters of instruction, kindly sign and return the enclosed copy of this letter "

cc: Mr. M E Miller
Mr Thomas
Mr. Costello
Mr. D C. Elliott
Mr. Levinson
Mr. Henderson
Mr Gunderson
Mr Royall Mr Petterson

/s/ Ferris B Thomas
Secretary

MR AA-321

17566

REPRODUCED AT THE NATIONAL ARCHIVES

009265

Executive Vice President
Metals Reserve Company
Washington, D.C.

Dear Sir:

We have made an examination of the books and records maintained by, Eagle-Picher Lead Company, Acting as Agent for Metals Reserve Company, Cincinnati, Ohio, pertaining to the payment of premiums for over quota production of lead and zinc under the Premium Price Plan for the period from February, 1942 through December 31, 1944 and submit herewith the following report including the following statements. Exhibit "A" Schedule of Premium Payments; Exhibit "B" Production Process.

Inasmuch as the plant for the production of lead and zinc compounds is located at Joplin, Missouri, it was not possible to observe the procedures used by the producer in the weighing, sampling and assaying of lead slag used in this operation.

The primary product of captioned operator is mineral wool. As a resulting by-product, a zinc and lead compound is recovered from the smoke fume by means of a fume unit attached to the charging furnaces.

The lead slag used as raw material is not weighed or assayed. The only analysis made is made after the fuming cycle, has been completed and the fume transformed to a zinc and lead compound.

Due to the fact that the raw material used is neither weighed nor assayed. It was not possible to test postings on settlement sheets against weight ships (See Exhibit B).

The Operator Agent does not maintain a special ledger on this account, therefore postings from the settlement sheets to ledgers could not be tested.

There were no assay reports on file in the office of the Operator Agent.

The original zero quota assignment dated July 24, 1942 was examined and found to be authentic.

No advance payments were made.

There were no cancelled checks to inspect as all payments of Metals Reserve to Operator Agent covered premiums to Operator Agent acting as Producer. In addition to premiums received directly from Metals Reserve, Eagle Picher Lead also received premiums on other production from other Operator Agents.

A schedule of premium payments as reflected by the Operator Agent's records showing the quantity of metal produced, quota, quantity of premium metal produced and the amount of premium earned throughout the premium period is attached hereto as Exhibit "A".

As a result of our examination we wish to bring to your attention deviations from the regular procedure by the following example as submitted by the Operator Agent.

Premiums claimed are based upon computations of the purchaser of the product, rather than the actual production of the Producer.

In the month of March 1943 the production of the producer as reflected by the settlement sheets and as set forth in Exhibit "A" was as follows:

<u>Total Production Metallic Weight</u>	<u>Total Lbs. of Lead</u>	<u>Total Lbs. of Zinc</u>
151,049	84,972	66,077

The settlement sheet of the Purchaser for the same period reflected the following:

139,036	81,027	58,009
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009266

Executive Vice Pres.
Metals Reserve Co.
Wash. D.C.

-3-

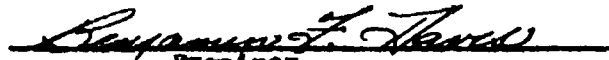
February 10, 1945

The premium claimed by the producer from Metals Reserve as reflected on the producers affidavit was based on the latter statement, which resulted in a premium of \$2,228.24 on lead and \$1,595.25 zinc, which amount was received by the producer as premium. Thus it will be noted that if the claim had been made on the basis of the producers settlement sheet a total claim of premiums in the amount of \$3,855.30 would have been made rather than the actual claim of \$3,823.49.

Discrepancies exist between Producer's and Purchaser's figures throughout the entire premium period. A written statement from the Divisional Accountant of the Agent explains this discrepancy as follows, "It has been our experience that the discrepancy varies in both directions and over all comes close to a balance with our production statement as producer".

Based on the information recited above it is obvious that the payment of premiums in this case is unusual. Pursuant to Rule 13, Paragraph "E", all Tri-State District material is not governed by Rule 13 and the Slag used as a basis for this operation is Tri-State lead slag. We have attempted to indicate the general method of operation of Eagle Picher Lead as Operator Agent, however, we are not in a position to make any specific comments as recommendations, in view of the fact that regulations in our possession do not cover this type of operation.


Agent


Examiner

Davis/15

REPRODUCED AT THE NATIONAL ARCHIVES

March 1, 1949

O'Donnell - Chief - Contract Liquidation Branch - Office of War Activity
Liquidation - RPO - Washington 25, D. C.

Re: Premium Price Plan - Examination Report
Eagle-Picher Company - Operator-Agent
Cincinnati, Ohio - 44-31 - 1A-24

This is to acknowledge receipt of your letter of January 12, 1949 pertaining to the captioned subject. In the clearance of the exceptions as noted therein, we have numbered the paragraphs of your letter consecutively and will close the exceptions according to paragraph number.

With our first report to you on this project there was attached Exhibit B explained "Production Premiums" in which Exhibit A you were specifically advised that the captioned Company was funding Ems and Lead from a slag dump of the old National Lead Company and were not processing Lead and Ems from the Premium Price Plan as developed. The subject Company made some arrangement with Metals Reserve Company to collect a premium on the funding of said slag and this office has never been advised by either Metals Reserve or by the captioned Operator-Agent as to what the conditions of that arrangement were. You are further advised that in so far as Paragraph 8(d) is concerned, the undersigned Examining checked all quantities of metal recoverable applicable to the plants in which the slag was received at the Operator-Agent's plant to determine that in so far as possible the metal recoverable was in accordance with existing instructions in so far as the interpretation of Rule 13 would be applied.

Referring to Paragraph 4 of your letter pertaining to verification of all computations of quantity of metal on which premiums are payable, you are further advised that the entire calculation of the Operator-Agent was verified and reports submitted purporting to prove such verification.

In so far as Paragraph 5 of your letter is concerned relating to verification by test sheet of the amount of premiums determined, you are advised by the undersigned Examining that a thorough verification of the entire computation was made and test sheets were not relied on at all.

With respect to Paragraph 6 of your letter, a review of data on production of Lead and Ems for June, 1944, indicates that we picked up the wrong figures for that month. Exhibit A of our report should be amended to show production figures for June, 1944, as follows:

Total Lbs. Pbz. Metal	Total Lead Produced	Total Ems Produced	Total Metals No. Produced
237,370	64,458	80,384	144,842

009267

A breakdown of production from Collinsville Slag, as shown on settlement sheets, would give the following figures for premium production, and said figures may be substituted under the indicated headings for those appearing on Page 2 of Exhibit A, for September, October, November, 1946:

Month 1944	Commissioner		Total Lead <u>Produced</u>	Total Zinc <u>Produced</u>	Total Metallic <u>Fl. Produced</u>
Sept.	Eagle-Picher Co.,	Galena, Kas.	47,621	51,491	99,112
Sept.	" "	Hillsboro, Ill.	10,994	11,541	22,535
Oct.	" "	" "	27,712	28,931	56,643
Oct.	" "	Galena, Kas.	9,724	12,341	22,065
Nov.	" "	Hillsboro, Ill.	5,328	8,388	13,716

As stated in Exhibit B of our report, after description of Operator-Agent's method of producing and handling fums, the procedure was unusual and not in compliance with existing regulations covering Premium Price Plan operation. We checked all data presented for examination by Operator-Agent and were informed by Operator-Agent that the material exhibited was the complete and final file of records on the production and shipment of lead and zinc under the Premium Price Plan. Since we found nothing in the records to indicate irregularity or faulty accounting, we considered the recordation adequate to substantiate metallic production and premium payment thereon.

Paragraph 9 on Page 2 of your letter requests that Examiners investigate points which are brought out in the foregoing paragraphs and furnish specific comments on the extent of verification made by them with respect to the period from June 1, 1944 to November 3, 1944. These investigations have been completed and your attention is directed to Item No. 1 on Page 1 of your letter requiring a

O'Donnell - Chief, Contract Liquidation Br.
OWAL/RFO - Wash.
Re: Premium Price Plan - Examination Report
Eagle-Picher Company - Operator-Agent

-4-

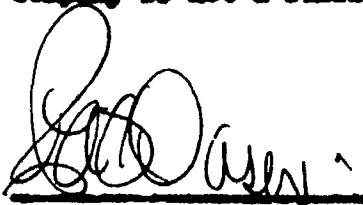
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Page 2.

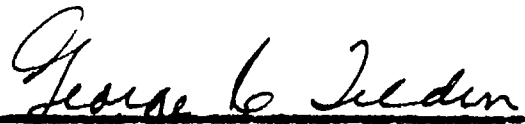
The Eagle-Picher Co., Hillsboro, Ill. January through July, 1946.

Paragraph 14 of your letter inquires as to the reason for variations in premium base percentages on metal shipped to the Ironsides Company, Columbus, Ohio. Operator-Agent states that percentage bases were at all times in compliance with percentages stipulated by Metals Reserve Company; and that any changes in percentage bases were made only upon receipt of written instructions from MRG. Mr. L. J. Flanck, Jr., Insurance Divisional Accountant, stated that if there was any error in application of percentage rates, it appeared to lie in his Company's charging only 90% on lead time, instead of 95%, in connection with the earlier shipments to the Ironsides Co. Mr. Flanck was unable to locate his letter on percentage base changes during our examination.

The Ironsides Company is reportedly only an ultimate consumer of lead-time time and was at no time a producer. We are also informed that Ironsides Company is not a subsidiary of The Eagle-Picher Company.



Agency Manager



George O. Tilden
Loan Examiner



E. F. Halblum
Loan Examiner

Tilden/36

CIVILIAN PRODUCTION DIVISION
Washington 25, D. C.

C O P Y M

April 8, 1946

Mr. Jesse Johnson, Deputy Director
Office of Metals Reserve, WPC
811 Vermont Avenue, N. W.
Washington 25, D. C.

Dear Mr. Johnson:

Re: Fume Shipments to the Galena Plant (Kansas)
(Eagle-Picher Company)

In reply to your letter of April 4, 1946, on the subject of premium payment percentages applicable to zinc-lead fumes shipped to the Galena, Kansas, plant of the Eagle-Picher Company, the Committee has instructed me to reply as follows:

It is the Committee's understanding that zinc-lead fume produced from the mineral wool fuming plant of the Eagle-Picher Company at Joplin, when shipped to the American Zinc Company of Illinois at Hillsboro and the Clark Mining & Smelting Company at Coffeyville, Kansas, the percentage established for premium payments is 95% for the lead contained in the fume and 90% for the zinc contained in the fume.

In the case of shipments of fume to the Eagle-Picher Company pigment plant at Hillsboro, the percentage was fixed at 90% for both lead and zinc. The reason for the lower percentage of lead when the fume was shipped to the latter plant was because of the company statement that 91.7% of the lead was recovered.

In the present case where fume shipments are forwarded to the Eagle-Picher Company's plant at Galena, Kansas, we have a copy of the letter addressed to you and signed by Mr. W. R. Dice, Vice President of the Eagle-Picher Company dated March 19, 1946, wherein it is stated that the overall loss of metals in the fume at this plant is 4.48%, "leaving a net recovery of 95.52% of metal treated."

The apparent reasons for the higher recovery at the Galena, Kansas, plant is explained by reason of the fact that the fume requires very little processing and is blended with other products which have previously been surfaced. This loss is said to be, in part, dust losses in handling.

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009268

It appears to the Committee that since the overall recovery of the combined metals (lead and zinc) is in excess of 95% that the factors for premium payments to the Galena Plant should be established at 95% of the lead content and 90% of the zinc content which is the same basis for the same firm shipped to the American Zinc Company of Illinois, at Hillsboro, and the Clark Company at Coffeyville, and does not exceed the maximum for lead as outlined in Rule 13B of the Premium Price Plan. These factors will be conservative since the zinc content is far in excess of the lead.

The plants treating this fume by Eagle-Picher at Hillsboro, and the same Company at Galena do not come under the classification of processing plants (smelters) as listed in Rule 13 because the plant at Hillsboro is a pigment plant and the plant at Galena, while it smelts lead, manufactures lead silicate, litharge, zinc oxide and leaded zinc oxide. The recommendation of the Committee is therefore as stated, namely 95% of the lead content in the fume for premium payments and 90% of the zinc content in the fume for premiums on that metal.

Very truly yours,

/s/ Landon F. Strobel
Landon F. Strobel
Executive Secretary, Joint Committee
Premium Price Plan for Copper, Lead & Zinc
Social Security Building, Room 4317